



Minnesota State University Moorhead  
**Red**

---

Dissertations, Theses, and Projects

Graduate Studies

---

Spring 5-17-2019

# Financial analysis and valuation of Vista Outdoor, Inc

Cyrille Litche

Minnesota State University Moorhead, [cyrillelitche@gmail.com](mailto:cyrillelitche@gmail.com)

Follow this and additional works at: <https://red.mnstate.edu/thesis>

 Part of the [Accounting Commons](#), [Corporate Finance Commons](#), [Finance and Financial Management Commons](#), and the [International Business Commons](#)

---

## Recommended Citation

Litche, Cyrille, "Financial analysis and valuation of Vista Outdoor, Inc" (2019). *Dissertations, Theses, and Projects*. 210.  
<https://red.mnstate.edu/thesis/210>

This Project (696 or 796 registration) is brought to you for free and open access by the Graduate Studies at Red. It has been accepted for inclusion in Dissertations, Theses, and Projects by an authorized administrator of Red. For more information, please contact [kramer@mnstate.edu](mailto:kramer@mnstate.edu).

# Vista Outdoor, Inc.

## VSTO / NYSE

**Investment Rating: SELL**

PRICE: USD 8.01   S&P 500: 2,834.40   DIJA: 2,5928.68   RUSSELL 2000: 1,539.74

- Closure of their headquarters in Farmington, Utah and open a new one in Anoka, Minnesota
- Named Mick Lopez as Chief Financial Officer
- Changed business strategy to focus on their core product categories in ammunition, hunting and shooting accessories, hydration bottles and packs and outdoor cooking products.
- Divestiture of eyewear brands such as Bolle, Serengeti, and Cebe.
- Named Christopher Metz as CEO

Valuation	2018 A	2019 E	2020 E
EPS	-0.44	-0.75	-0.17
P/E	-10.36	-6.76	-33.2
P/CFPS	2.06	-67.34	12.92
P/BVPS	0.2	0.22	0.24
EV/EBITDA	9.58	26.9	14.2

### Market and Trading Information

Equity Market Cap (USD):	461.30M	52-Week range (USD): 7.78 – 19.41
Enterprise Value (USD):	1.173B	12-Month Stock Return: -50.92%
Shares Outstanding (M):	57.59	Dividend / Capital Gain Yields N/A
Estimated Float (M):	56.99	12-Month Russell 2000 Return: 2.10%
6-mo Avg. Daily Volume (M):	1.136	Beta:0.55

### Company Quick View:

**Location:** 1 Vista Way Anoka, Minnesota 55303

**Industry:** Sporting and athletic goods SIC (3949) / Sporting and Athletic Goods Manufacturing NAICS (339920)

**Description:** Vista Outdoor is a leading global designer, manufacturer and marketer of consumer products in the growing outdoor sports and recreation markets. The company operates in two segments, Outdoor Products and Shooting Sports, and has a portfolio of well-recognized brands that provides consumers with a wide range of performance-driven, high-quality and innovative products for individual outdoor recreational pursuits

**Key Products & Services:** Vista outdoor sells its products such ammunition, hunting and shooting accessories, hydration bottles and packs, and outdoor cooking products directly to consumer or to independent retailers and distributors.

**Website:** <http://www.vistaoutdoor.com/>

**Analyst:** Cyrille Litche



## STOCK PRICE PERFORMANCE



Figure 1: 5-year Stock Price Performance

Source: Yahoo Finance

The stock closed at USD 8.01 on March 31, 2019 and its performance is represented in the graph above. The stock currently has a downward trend and is trading at a low price. The total return for Vista Outdoor between March 29, 2018 and March 29, 2019 is -50.92%. Vista Outdoor competitor, American Outdoor Brands has a return of -9.50%. The Russell 2000, which is an index used as a benchmark for small cap stock in the U.S, showed a total return of 2.1%. Given these returns, Vista Outdoor is not doing good compare to his competitor or the Russell 2000 index.

The downward trend in Vista stock price is due to external variables, such as political discussion on gun control and unfortunate events related to shooting catastrophe. Indeed, Vista Outdoor performance started to decrease in 2016 after the Florida shooting. Following the event, some retailers such as Walmart and Dick's Sporting Goods decided to stop carrying military firearms in their stores. Furthermore, some gun activists started to rally for the boycott of every products that Vista Outdoor offers including outdoor products. The company experienced a lower sales volume, which affected its financial therefore its stock price. The unfortunate events and the current discussion on gun control law are the primary reasons of the continuous downward trend the stock is experiencing.

## INVESTMENT DECISION SUMMARY

I forecast the intrinsic stock value for Vista Outdoor, Inc. to be USD 4.56 per share. Based on my analysis Vista Outdoor is overvalued on the stock market, this might be related to the increase in the FBI's National Instant Background Systems (NICS) results. Indeed, NICS data is perceived as a proxy for firearms sales since retailers are required to do a background check through the FBI system before selling any firearms.

While I forecast an increase in the sales, the price per share I estimate is above the market value as of March 29, 2019. However, the percentage difference between the market and the intrinsic value is significant to justify over. Therefore, I recommend a SELL.

## COMPANY DESCRIPTION

Vista Outdoor is a leading global designer, manufacturer and marketer of consumer products in the outdoor sports and recreation markets with a diversified portfolio of over 50 brands. The Company was formed, as a result to the spin-off by Allient Techsystems of their Sporting Group business to ATK stockholders. On February 6, 2015, Vista Outdoor went public. The company has for objectives to bring the world outside, leverage their capabilities, and experience and instill passion into products that help outdoor enthusiasts achieve independence and success in the activity of their choice.

Their business can be divided in two segments, outdoor products and shooting sports. Their outdoor product lines are action sports, archery/hunting accessories, camping, global eyewear and sport protection product, golf, hydration products, optics, shooting accessories, tactical products and water sports. Their outdoor products segment generated approximately 50% of their external sale in 2018. Their shooting sports segment designs, develops, produces and sources ammunition and firearms for the hunting and sport shooting enthusiast market, as well as ammunition for local law enforcement, the U.S. government and international markets. Their shooting sports segment generated approximately 50% of the external sales in fiscal 2018. The Company primary customers are retailers and distributors who serve outdoor enthusiasts, hunters, recreational shooters and athletes as well as law enforcement and military professionals. In 2018, the U.S customers represented 67% of their sale while international customers represented 23% and law enforcement and military professionals represented 10%.

Vista is headquartered in Anoka, MN and has 18 manufacturing operations and facilities in the United States, Canada, Mexico and Puerto Rico along with international customer service, sales and sourcing operations in Asia, Australia, Canada and Europe. The company's strategy to

remain competitive in the market can be segmented in 5 parts which are (1) focus the resources on core product categories, (2) capitalize on a growing and fragmented market, (3) develop new and innovative products to drive organic growth and customer loyalty, (4) leverage relationships with their wholesale and retail channels and finally (5) continuously improve their operations.

The competition in their market is based on different factor such as price, quality, product innovation, performance, reliability, styling, product features and warranties as well as sales and marketing programs. Their major's competitors in the outdoor sporting market are Amer Sports, Johnson outdoors, and Thule group, in their accessories business there are Nikon and Vortex and hydration system competitors including Hydro Flask, Contigo and Nalgene. Their shooting sport business is highly competitive with ammunition competitors such as Remington arms, Winchester ammunition of Olin corporation, American Outdoor Brand and various smaller manufacturers and importers such Black Hills Ammunition, CBC Group, Fiocchi Ammunition, Hornady, PMC, Rio Ammunition, and Wolf.

In their effort to stay competitive, the company sold their Eyewear Brands such as Bolle, Cebe and Serengeti for USD 158 million in July 2018. Christopher Metz, Vista Chief Executive Officer believes the sale of the eyewear brand will help the company in their new strategy of focusing on core products and will put the company on the path for future success.

## MANAGEMENT AND CORPORATE GOVERNANCE

An executive Committee is a group of directors appointed to steer a company on the path of success. In the case of Vista Outdoor they have 6 keys executives in charge of this mission.

**Christopher Metz**, age 52 has served as Chief Executive Officer since October 2017. Prior to Joining Vista Outdoor, he served as President and Chief Executive officer of Arctic Cat Inc. Metz has more than 25 years of experience in the consumer and durable goods industries. He holds a bachelor's degree in finance and marketing from the University of Delaware and earned a Master of Business Administration from the Kenan Flagler School of business, University of North Carolina at Chapel Hill. Metz has a compensation package of USD 6,894,140 per year, which include USD 5,790,742 in equity, USD 961,539 in cash and USD 141,859 in other compensation.

**Miguel Mick Lopez**, age 58, has served as vista outdoor Chief Financial Officer since April 2018. Prior to Joining Vista Outdoor, Mr. Lopez was the Chief Financial Officer of Veritas Technology for a year. Mick has 30 years of experience in finance, operations and strategy,

driving process improvements in both publicly-traded and private companies. He has a background in corporate finance, treasury, financial planning and analysis, tax, investor relations, strategy planning and risk management. He earned a double major in Finance and Accounting from Georgetown University and an MBA, specializing in Finance, from the University of Chicago. He is also a Certified Public Accountant. Mick has a compensation of USD 515,000 with a target annual cash incentive compensation of 75% of his base salary; he also has an annual long-term equity incentive award target, which will be 150% of his base salary.

**Scott D. Chaplin**, age 51, has been a Senior Vice President, Legal, Human Resources and Corporate Services of Vista Outdoor since December 2017. Prior to this position, he served as Senior Vice President, General Counsel and Secretary from 2012 to 2015 for ATK. His expertise is in developing, leading and advising on compliance and governance, acquisitions and investments, ethics, contracts and pricing and procurements for defense and aerospace companies such as Stanley, Inc. Scott earned a Bachelor of Arts degree from the University of Massachusetts Amherst and a Juris Doctor degree from American University, Washington College of Law. He is also a member of the District of Columbia and California bar associations and an arbitrator for the D.C Bar Arbitration Board. Scott has a compensation of USD 1,624,777 of which USD 848,708 is equity, USD 730,496 is cash and USD 44,573 is other compensation.

**David D. Allen**, age 47, has been the Group President of Outdoor products segment since January 2017. Prior to this position, Allen served the President of Coleman USA for the Jarden Corporation, and held domestic and international leadership positions with Alberto Culver and Unilever. He has 23 years of experience in consumer products and has strong experience in the outdoor industry. Allen has a compensation of USD 1,186,577 of which USD 497,312 is equity, USD 643,088 is cash and USD 46,177 is other compensation.

**Jason Vanderbrink**, age 40, has been president of Ammunition since November 2017. Jason has been with Vista Outdoors since 2005. He was part of the outdoors sale organization and slowly worked his way up to his current position. Prior joining Vista, Jason was part of the Cullerton company. He has more than 17 years of increasing leadership experience in the outdoor industry. He earned his bachelor's degree from Saginaw Valley State University and his master's degree from Missouri State University. Jason serves on the National Shooting Sports Foundation's (NSSF) Board of Governors.

**Albert Kasper**, age 60, has been Vista Outdoor President of Firearms since November 2017. Prior to his current position, he served as President and Chief Operating Officer of Savage Sports Corporation, prior to ATK's 2013 acquisition of Caliber Company (parent company of Savage). He received an MBA from the University of Massachusetts and a B.S in Accounting from Western New England College. Albert currently serves on the board of several for-profit companies and non-profit companies. He also has been teaching Entrepreneurship for the past 12 years and he is an adjunct professor, teaching several courses in the Elms College MBA program.

The Board of Directors for Vista Outdoor consists of seven males and one woman members: Mr. Michael Callahan, Mr. Christopher Metz, Mrs. April Foley, Mr. Mark Gottfredson, Mr. Tig Krekel, Mr. Gary McArthur, Mr. Michael Robinson and Mrs. Robert Tarola. The board of directors is currently divided in three classes (I, II & III). Under the company current certificate of incorporation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years.

Diversity on board of directors is recognized as important for a company sustainability performance. Indeed, according to Harvard business review, having women as board members will help a company deal more effectively with risk, address employees, shareholder and customers concerns and will focus on long-term priorities. Through an analysis of Vista Outdoor board, I can affirm that decisions are mostly made by men and they may be in need of different perspectives by having more women as members.

Vista Outdoor Inc.'s ISS Governance Quality Score as of February 1, 2019 is 5. The pillar scores are Audit: 1; Board: 1; Shareholder Rights: 2; Compensation: 10. Corporate governance scores courtesy of Institutional Shareholder Services (ISS). Scores indicate decile rank relative to index or region. A decile score of 1 indicates lower governance risk, while a 10 indicates higher governance risk.

## SHAREHOLDER ANALYSIS

As of March 24, 2019, Vista outdoor major shareholder ownership is divided into two groups: the insiders and institutional firms. Their ownership is broken down into 96% of shares held by institutions and 4% of shares held by insiders. Indeed, 196 institutions hold Vista Outdoor ownership with 55,217,330 total shares, which can be values around USD 440 million compared

to a non-significant share and ownership value from the insiders. Below are the top five institutional holders.

#### Top 5 Institutional holders

<u>Holder</u>	<u>Shares</u>	<u>Date Reported</u>
Blackrock Inc	8,311,097	12/31/2018
Vanguard Group Inc	5,855,349	12/31/2018
Frontier Capital Management Co LLC	4,719,898	12/31/2018
Dimensional Fund Advisors LP	4,662,529	12/31/2018
First Eagle Investment Management, LLC	4,637,433	12/31/2018

Source: Nasdaq.com

The top five institutional firms are well-known asset management firms specialized in guiding individuals in building better financial futures.

#### Most Recent Insider Holdings - Transactions

<u>Executive Shareholder</u>	<u>Transaction Date</u>	<u>Action</u>	<u>Price</u>	<u>Shares</u>
Metz Christopher T	03/13/2019	Disposition	\$8.29	8,281
Chaplin Scott David	03/13/2019	Disposition	\$8.29	2,209
Metz Christopher	03/12/2019	Acquisition	0	118,138
Lopez Miguel A	03/12/2019	Acquisition	0	28,484
Chaplin Scott David	03/12/2019	Acquisition	0	21,523
Chaplin Scott David	02/05/2019	Disposition	\$10.6	3,369
Robinson Michael D	12/19/2018	Acquisition	0	17,297

Source: Nasdaq.com

The Acquisitions at \$0 per share were performance shares granted to keys executive officers for achieving the target, threshold or maximum metric of sales performances, return on invested capital, and stockholder return over three consecutive annual periods.

As you can see in the table above, CEO and Vice President Chaplin Scott disposed some shares at the beginning of the month, even though this action can be understood as the company's short term outlook being not good, because of unforeseen problems that only insider might know about. I did not considerate it as alarming since the amount only account for 10% & 7% of the stock they were granted the day before.

## INDUSTRY ANALYSIS

The Company participates in the global market for consumer goods geared toward outdoor recreation and shooting sports. With a SIC of 3949 and a NAICS of 339920, Vista



Outdoor is in a competitive industry, where consumers look for opportunities to buy quality products at a cheaper prices and manufacturers look for ways to satisfy those needs by innovating. For an accurate analysis of Vista Outdoor, it is vital to understand the industry in which the company is performing and the impact it has on their earnings. In my quest to do so I will use Porter's five forces which are Threat of New Entrants, Bargaining Power of Suppliers, Bargaining Powers of Buyers, Threat from Substitute Products and Rivalry among the Existing Players.

The threat of potential entrants in the sports and athletics good manufacturing is moderately hard to penetrate because new entrants will have to compete against established companies that have a considerable market share. The new entrants have a daunting job to change consumers' current buying habits and break their commitment to existing brands to theirs. Other barriers for new entrants are the following: capital need may be an obstacle since it requires a decent amount of money to manufacture some products; the accessibility to distribution channels for products can be a barrier to entry. Differentiation can be a barrier to entry. Indeed, with many competitors in the industry, it is necessary to have a different and better product with the right price to be able to enter the industry. A new entrant, if successful, will put pressure on Vista Outdoor through price strategy, reducing costs and providing new value propositions to the customers.

The Power of Suppliers in the Sports and Goods manufacturing industry is weak to moderate. Indeed, with the diversity of sport product on the market, it is hard for supplier to have a dominant position on a company, which can decrease the company's profit margin in the event the supplier is able to.

The company can just change their strategy and focus on manufacturing products that will have a high marketability and a good profit margin or seek another cheap supplier. Vista Outdoor developed an efficient supply chain; they operate 18 manufacturing facilities in the United States, Puerto Rico, Mexico, and Canada for its different brands, which help against suppliers' dominance in their operations.

The power of buyers in the sports and good manufacturing is strong. In the current business environment, customer satisfaction has become an important factor in shaping companies' business strategies. Companies must build and maintain long lasting and effective relationships with consumers to remain competitive in the market. Indeed, Vista Outdoor made customer satisfaction a top priority in their business strategy and strive every day to meet their

customer demand. However, the demand from customers, which usually buy the best product at a minimum price as possible, can put a pressure on Vista Outdoor profitability in the long run. This can be seen on Vista Outdoor gun selling product being canceled by distributors due to customer concern of their impact in their community.

Threat of substitute products in the sports and good manufacturing is strong. There is always a threat that new products will be developed that can substitute Vista Outdoors's products. Therefore, the company continuously strive to grow and improve customer loyalty through the development of new and innovative products. The company is conscious that the consumers demand the latest technologies and performance enhancements so it is in the best interest to meet the demand to stay competitive.

Rivalry among the existing competitors is strong. Vista Outdoor is operating in two segments: outdoor products and shooting sports. The high competition in their industry influences the overall long-term profitability of Vista Outdoor. To stay competitive in the industry, the company employs a segmented brand strategy that leverages over 50 brands that are leaders in niche categories. This provides the company with several competitive advantages, such as strong brand recognition, better insight into consumer preferences and market dynamics through information sharing across their portfolio, and an increase presence and shelf space in their core retail channels. Vista Outdoor ability to manufacture their products at the lower cost outside of the United States is also one of their competitive advantage in their industry.

## **INVESTMENT RISK**

Vista Outdoor operates in a highly competitive industry that involves several risks. The purpose of this section of the report is to analyze the different risks the company faces. According to Vista's 10K report, the number one risk factor is its industry. Indeed, being part of a highly competitive industry with companies well established with a strong market positions put a pressure on their profitability. Some of their competitors may have more marketing resources and product diversification, which will allow them to reach to more consumers than Vista. Others may be willing to reduce their prices and accept lower profit margins, which can cause a shift of Vista current consumers to the competitor. On the international scale, Vista is facing more competition since foreign competitors manufacture and market products in their respective countries, which give them the ability to sell their products at a lower price. This type of action affects Vista outdoor competitiveness.

Other important risks that Vista Outdoor are facing on the quarterly basis according to the company 10k report are,

- Market risk such as market acceptance of their products and services
- The timing of large domestic and international orders
- Cancellation of existing orders
- The outcome of any existing or future litigation
- Adverse publicity surrounding their products
- The safety of their products or the use of their products
- Changes in their sales mix, and
- New product introduction costs

The company internally places orders for products with suppliers before receiving firm orders from their customers. The inaccuracy to forecast customer demand can result in them having an excess or shortage in inventory level, which constitute a risk to consider.

Vista Outdoor mainly relies on retail customer to purchase its products; however, the company does not have long-term purchase agreements with their customers, which create a risk for retail customers to cancel their order, change purchase quantities from forecast volumes or delay purchases like the one that happened in 2018 after the Florida shooting.

With Vista Outdoor operating internationally, they may be expose to international risks such as issues related to managing international operations; currency exchange; import and export controls; local laws and regulations, including those governing labor, product safety, and environmental protection; changes to international treaties and regulations and limitations on our ability to efficiently repatriate cash from their foreign operations.

The company is subject to extensive regulation. Failing to abide by those laws can constitute a risk for Vista Outdoor. Furthermore, changes in government policies and firearms legislation can affect the company financial results.

Another risk that the company is currently facing can be labeled as reputation risk. A failure to maintain or enhance their brand recognition or reputation will result in losing their existing and future customers so it is important to consider this risk. Finally, an important risk to consider is economic risk. Vista revenues are affected by economic conditions and consumer confidence worldwide. For example, in the United States in times of economic downturn consumers tend to cut their expenditures and defer expenditures for discretionary items, which affects demand of Vista Outdoor products.

## PEER ANALYSIS

Vista Outdoor current business operation requires the company to be competitive to provide excellent return to its shareholder. Indeed, the company has a strong competition, one of their bigger competitor is Sturm, Ruger & Company Inc. Sturm competes in the business segment associated to shooting sports. The company is principally engaged in design, manufacture and sale of firearms to domestic customers. Sturm operates in two segments, Firearms and Castings and sells its products through independent wholesale distributors principally to the commercial sporting market just like Vista Outdoor. The company was founded in 1949 and is headquartered in Southport, Connecticut; it has a market cap of USD 1.04 billion and mainly operate in the USA.

A primary competitor of Vista Outdoor is American Outdoor Brands. American Outdoor Brands manufactures firearms and it operates through firearm and Outdoor products accessories business segment. The company outdoor products and accessories is used in the shooting, hunting and rugged outdoor markets. American Outdoor brands produces outdoor products such as shooting and field rests, gunsmithing tools, knives, hearing protection, camping and survival gear. The company markets its product through dealers, retailers and social media. American Outdoor was formerly known as Smith & Wesson Holding Corporation and changed their name to their current one back in January 2017. The company was founded in 1852 and is based in Springfield, Massachusetts; it has a market cap of USD 703.02 million and operates mainly in the USA.

Finally, Vista Outdoor competes against Clarus Corporation. Clarus is a holding company that operates in the outdoor and consumer industries. It develops, manufactures and distributes outdoor equipment and lifestyle products. Its businesses can be divided in two segments, which are high performance apparel and shooting sport. Clarus distributes its product through specialty chains, retailers, social media and independent distributors. It operates in the United States, Canada and internationally such as Europe, the Middle East, Asia Australia and New Zealand. The company was founded in 1957 and is headquartered in Salt Lake City, Utah. It was formerly known as Black Diamond and has a market capitalization of USD 349.55million.

Company	Ticker Symbol	Market Cap (USD)	PE Ratio	P/BV	EV/EBITDA	DEBT/Assets	ROA	ROE
Vista Outdoor	VSTO	535.60M	-1.08	0.548	13.69	0.64	-27.42%	-77.2%
Sturm Ruger & Co Inc.	RGR	1.04B	24.84	4.8	10.91	0.2	12.23%	15.21%
American Outdoor Brands Corp	AOBC	703.02M	20.66	1.57	8.44	0.43	1.85%	3.38%
Clarus Corp	CLAR	349.55M	79	1.97	43.56	0.23	1.83%	2.39%

02/18/19 Source: Owns calculations

## HISTORICAL FINANCIAL ANALYSIS

In order to have some insights on the productivity, liquidity, financial risk and profitability of Vista Outdoor, it is necessary to do a financial ratio analysis comparison with one of its main competitor American Outdoor Brands corporation. The financial ratio analysis reveal the following: Vista outdoor experienced a somewhat constant growth in sales from 2014 to 2017 and a decline in sales from 2017 to 2018. On the other hand, American outdoors experienced a sporadic growth in sales during the last 5 years with a decline in sales from 2014 to 2015 follow by a positive increase in sale from 2015 to 2017, and another decrease from 2017 to 2018. The fact that the two companies experience a decrease in sales in the same year can be attributed to their industry slowing down. Vista Outdoors's managers attributed the decrease in sale to price acceptance, decrease in customer demand, and current political environment. American Outdoor brands attributed the decrease to external factors such fears surrounding crime and terrorism, potential restrictions on the sale or makeup of firearms, and legislative and regulatory actions impacting their industry. The inventory turnover relates to the growth in sales, indeed a higher inventory turnover implies a higher product demand. In 2018, Vista Outdoor had a better inventory turnover than American Outdoors Brands, 6.04 compared to 3.96. Vista Outdoor has been successful at turning its inventory into cash, therefore reducing its inventory on hand.

	2018 (VSTO)	2018 (AOBC)	2017 (VSTO)	2017 (AOBC)	2016 (VSTO)	2016 (AOBC)	2015 (VSTO)	2015 (AOBC)	2014 (VSTO)	2014 (AOBC1)
<b>Growth in sales</b>	-9.4%	-32.8%	12.2%	24.9%	9.0%	31%	11.2%	-11.9%	N/A	N/A
<b>Receivables Turnover</b>	5.47	10.71	5.65	8.33	5.3	12.51	5.76	9.98	6.23	11.21
<b>Inventories Turnover</b>	6.04	3.96	4.53	6.86	5.16	9.29	5.55	7.18	4.4	7.22
<b>Operating WC turn</b>	3.78	3.42	3.09	4.84	3.13	3.17	2.79	5.21	3.85	4.46
<b>Net Fix AT</b>	1.35	1.28	1.28	1.92	1.15	2.52	1.34	1.85	1.15	4.40
<b>TA turnover</b>	0.83	0.81	0.82	1.15	0.75	1.17	0.81	1.15	0.77	1.72
<b>Inv Cap T</b>	0.99	0.93	0.9	1.38	0.84	1.4	0.90	1.37	0.89	2.21

In terms of liquidity, Vista Outdoor seems more liquid than American Outdoor brand. Looking at the current ratio, the company ratio varied between 2.6 to 3.56 during the past 5 years compared to American Outdoors Brands of 2.3 to 3.56. The quick ratio provides a better representation of a company liquidity since it does not account for inventory. In the analysis of their quick ratio, VSTO ratio varied between 1.2 to 2.24 compared to American Outdoors Brands of 1.18 to 2.3. Those metrics can be interpreted as both companies can easily cover their short-term liabilities since their ratios are above 1. Even though, a slighter preference might be given to VSTO just by analyzing the two ratios mentioned earlier, the analysis of the cash ratio provided a

different conclusion. Vista Outdoor had a range cash ratio of 0.13 to 0.93 for the past 5 years compare to American Outdoor brands that have a range of 0.45 to 1.71 meaning they have enough cash to pay 45% to 171% of their current debt. American Outdoor then is more liquid than Vista Outdoor. Another liquidity ratio listed below support our conclusion on the two-company liquidity.

	2018 (VSTO)	2018 (AOBC)	2017 (VSTO)	2017 (AOBC)	2016 (VSTO)	2016 (AOBC)	2015 (VSTO)	2015 (AOBC)	2014 (VSTO)	2014 (AOBC)
<b>Current ratio</b>	3.28	2.72	3.51	2.30	3.08	3.00	3.56	2.41	2.6	2.73
<b>Quick Ratio</b>	2.1	1.18	1.73	1.35	1.79	2.3	2.24	1.39	1.2	1.66
<b>Cash Ratio</b>	0.69	0.49	0.14	0.45	0.44	1.72	0.93	0.56	0.13	0.85
<b>Short term Invest</b>	0.09	0	0	0	0	0	0	0	0	0
<b>Operating Cycle</b>	127.13	126.33	145.25	97.04	139.63	68.46	129.17	87.42	141.47	83.08
<b>Cash Cycle</b>	109.02	106.11	126.94	75.44	115.88	45.48	105.62	66.02	106.11	61.13

In terms of leverage, it appears that Vista Outdoor is less leveraged compare to American Outdoor Brands. The company has an average total debt to equity of 1.04 compare to 1.08 for American Outdoor Brands, meaning American Outdoor has been financing most of his growth with debt. Another important ratio to consider is the interest coverage ratio. Through analysis of the interest coverage ratio listed below, both companies can cover their current interest payment, with Vista Outdoor being able to cover up to 6 times their interest payment compare to American Outdoor being able to cover their interest payment up to 12 times.

	2018 (VSTO)	2018 (AOBC)	2017 (VSTO)	2017 (AOBC)	2016 (VSTO)	2016 (AOBC)	2015 (VSTO)	2015 (AOBC)	2014 (VSTO)	2014 (AOBC)
<b>Total debt to equity Ratio</b>	1.02	0.76	1.26	1	0.73	1.01	0.51	1.46	1.72	1.18
<b>Interest Coverage Ratio</b>	0.11	7.24	-2.59	29.15	13.77	14.58	8.33	10.64	18.02	13.91

Vista Outdoor has an average gross profit margin of 28.58% for the past 5 years compared to 43.98% for American Outdoor. The difference was due to low sales volumes and the ability of American Outdoor Brands to improve manufacturing fixed cost absorption which had an impact on the company gross profit margin. Vista average EBITDA margin is 7.5% compared to 23.52% for American Outdoor Brand, an average NOPAT margin of 4.04% compared to 12.42% for American Outdoor and an average return of assets of 4.28% compare to 22.8% for

American Outdoor. In addition, looking at the table below, you can observe that American Outdoor had a better return on invested capital than Vista for the past 5 years.

Overall, Vista Outdoor has lower liquidity, lower productivity, lower profitability and lower financial risk than American Outdoor brand.

	2018 (VSTO)	2018 (AOBC)	2017 (VSTO)	2017 (AOBC)	2016 (VSTO)	2016 (AOBC)	2015 (VSTO)	2015 (AOBC)	2014 (VSTO)	2014 (AOBC)
<b>Gross profit margin</b>	26.5%	40.8%	30%	47.1%	30.5%	46.3%	28.6%	40.9%	27.3%	44.8%
<b>EBITDA margin</b>	0.2%	13.3%	-4.4%	27.7%	14.8%	27.6%	12%	21.8%	14.9%	27.2%
<b>NOPAT Margin</b>	-4.2%	3.3%	-6.4%	16.3%	8.3%	13.5%	5.4%	14.5%	17.1%	14.5%
<b>ROA</b>	-1.80%	3.86%	-5.40%	25.36%	9.79%	25.60%	8.36%	18.73%	10.49%	40.84%
<b>ROIC</b>	-3.48%	3.07%	-6%	28.57%	8.18%	24.11%	5.30%	28.23%	0.11%	N/A

## PROSPECTIVE FINANCIAL ANALYSIS

Over the next years, I estimated Vista Outdoor to have 1% increase in sales in 2019, 3% increase in sales in 2020 to 2023, 4% increase in sales in 2022 and a constant 5% long term growth going forward. I estimated Vista Outdoor Cost of goods sold as a proportion of sales to be 73% in the 2019, 72% in 2020, 71% in 2020 and a constant 70% going forward. I believe my projections fall in line with the outdoor industry association and the national shooting sports foundation sales projection. They attributed their projection in sale to an expectation of USA GDP and consumers demand increase.

With their new business strategy transformation in progress, Vista Outdoor will be able to turn the company around into profitability. However, external factors such as climate change, current gun law discussion, and terrorist attacks, may affect their 2019 and 2020 financial. I also forecasted SGA to decrease since I believe Vista Outdoor will try to make less acquisition because they are current changing their strategy to focus on their core products. I forecasted SGA to be 25% of sales in 2019, 24% in 2020, 23% in 2021 and a constant 22.5% going forward. Given the projections, Vista's estimated price for the closing date of March 31, 2019 is USD 4.56. The projected net income for the years 2019, 2020 and 2021 are the following USD -9,444, USD 26,082 and USD 23,764.

With a market price of USD 8.01 at the closing bell on March 31, 2018, I calculated the intrinsic value of common stock. I then estimated the long term, short-term debt and the target percent of firm financed with long-term debt. I estimated a market risk premium of 6%. I

assumed the tax rate to be 26%, which include the 21% corporate tax and Minnesota state tax. Beta is one of the big driver of the WACC, which I calculated the slope using the market model with 2 years of daily returns and came up with 0.55. The risk-free rate is the 10-year Treasury bill yield and my estimated WACC is 6.1%.

## **VALUATION AND INVESTMENT DECISION**

My valuation model was based on the discounting of expected free cash flow at the Weighted Average Cost of Capital. The forecasted projections provided an estimated price of USD 4.56 for March 31, 2019, a difference of USD 3.45 with the current market price of USD 8.01 suggest the stock is overvalue. Therefore, I am recommending selling the stock.



## SOURCES OF INFORMATION

Vista outdoor inc. (2018). *Vista Outdoor Announces Strategic Business Transformation Plan*. [online] Prnewswire.com. Available at: <https://www.prnewswire.com/news-releases/vista-outdoor-announces-strategic-business-transformation-plan-300639641.html> [Accessed 22 April 2018].

Outdoorindustry.org. (n.d.). *2020 Forecasting report*. [online] Available at: [https://outdoorindustry.org/wp-content/uploads/2016/08/ConsumerVue-Forecasting\\_final\\_2.pdf](https://outdoorindustry.org/wp-content/uploads/2016/08/ConsumerVue-Forecasting_final_2.pdf) [Accessed 22 April 2019].

Outdoorindustry.org. (n.d.). *2020 Forecasting report*. [online] Available at: [https://outdoorindustry.org/wp-content/uploads/2016/08/ConsumerVue-Forecasting\\_final\\_2.pdf](https://outdoorindustry.org/wp-content/uploads/2016/08/ConsumerVue-Forecasting_final_2.pdf) [Accessed 22 April 2019].

Federal Bureau of Investigation. (2019). *NICS Firearm Checks: Month/Year*. [online] Available at: [https://www.fbi.gov/file-repository/nics\\_firearm\\_checks\\_-\\_month\\_year.pdf/view](https://www.fbi.gov/file-repository/nics_firearm_checks_-_month_year.pdf/view) [Accessed 12 March 2019].

outdoor, V. (2019). *Vista Outdoor Names Miguel "Mick" Lopez as Chief Financial Officer*. [online] Prnewswire.com. Available at: <https://www.prnewswire.com/news-releases/vista-outdoor-names-miguel-mick-lopez-as-chief-financial-officer-300621916.html> [Accessed 28 Mar. 2018].

Kilgore, T. (2019). *Vista Outdoor to sell eyewear brands—Savage gun-maker business could be next*. [online] MarketWatch. Available at: <https://www.marketwatch.com/story/vista-outdoor-to-sell-eyewear-brandssavage-gun-maker-business-could-be-next-2018-07-09> [Accessed 3 May 2019].

Wiener-Bronner, D. (2019). *BlackRock will offer gun-free retirement funds*. [online] CNNMoney. Available at: <https://money.cnn.com/2018/04/05/news/companies/blackrock-gun-sellers/index.html?iid=EL> [Accessed 5 May 2019].

vista, o. (2019). *10k*. [online] Investors.vistaoutdoor.com. Available at: <http://investors.vistaoutdoor.com/Cache/393559463.pdf> [Accessed 19 February 2019].

Arguden, Y. (2014, July 23). *Why Boards Need More Women*. Retrieved May 10, 19, from <https://hbr.org/2012/06/why-boards-need-more-women>

Salary.com, S. (2019). *Compensation Information for Christopher T. Metz, Chief Executive Officer and Director of VISTA OUTDOOR INC* / Salary.com. [online] Salary.com. Available at: <https://www1.salary.com/Christopher-T-Metz-Salary-Bonus-Stock-Options-for-VISTA-OUTDOOR-INC.html> [Accessed 10 May 2019].

	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	3/31/21	3/31/22
	2014	2015	2016	2017	2018	Projected	Projected	Projected	Projected
<b>Income Statement (\$ Thousands)</b>									
Sales	\$ 1,873,919	\$ 2,083,414	\$ 2,270,734	\$ 2,546,892	\$ 2,308,463	\$ 2,331,548	\$ 2,401,494	\$ 2,473,539	\$ 2,572,480
Costs of goods sold (COGS)	\$ 1,361,714	\$ 1,487,942	\$ 1,578,675	\$ 1,783,927	\$ 1,697,742	\$ 1,702,030	\$ 1,729,076	\$ 1,756,213	\$ 1,800,736
Sales, general and administrative expense (SGA)	\$ 233,496	\$ 344,767	\$ 356,687	\$ 876,210	\$ 605,537	\$ 582,887	\$ 576,359	\$ 568,914	\$ 578,808
Depreciation	\$ 24,891	\$ 35,405	\$ 38,953	\$ 54,157	\$ 55,090	\$ 48,904	\$ 50,371	\$ 51,882	\$ 53,957
Operating profit	\$ 253,818	\$ 215,300	\$ 296,419	\$ (167,402)	\$ (49,906)	\$ (2,273)	\$ 45,689	\$ 96,531	\$ 138,979
Interest expense	\$ 15,469	\$ 30,108	\$ 24,351	\$ 43,670	\$ 49,214	\$ 59,746	\$ 57,954	\$ 62,660	\$ 63,437
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,013	\$ -	\$ -	\$ -
Nonoperating income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings before taxes (EBT)	\$ 238,349	\$ 185,192	\$ 272,068	\$ (211,072)	\$ (99,120)	\$ (56,006)	\$ (12,265)	\$ 33,871	\$ 75,542
Tax expense	\$ 85,081	\$ 74,518	\$ 91,370	\$ 23,760	\$ (73,557)	\$ (12,881)	\$ (2,821)	\$ 7,790	\$ 17,375
Net income before extraordinary items	\$ 153,268	\$ 110,674	\$ 180,698	\$ (234,832)	\$ (25,563)	\$ (43,124)	\$ (9,444)	\$ 26,081	\$ 58,168
After-tax extraordinary income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net income (NI)</b>	<b>\$ 153,268</b>	<b>\$ 110,674</b>	<b>\$ 180,698</b>	<b>\$ (234,832)</b>	<b>\$ (25,563)</b>	<b>\$ (43,124)</b>	<b>\$ (9,444)</b>	<b>\$ 26,081</b>	<b>\$ 58,168</b>
Dividends-- preferred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends-- common	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions to RE	\$ 153,268	\$ 110,674	\$ 180,698	\$ (234,832)	\$ (25,563)	\$ (43,124)	\$ (9,444)	\$ 26,081	\$ 58,168
<b>Balance Sheets (\$ Thousands)</b>									
<b>Assets</b>									
Cash	\$ 40,004	\$ 263,951	\$ 151,692	\$ 45,075	\$ 22,870	\$ 69,946	\$ 72,045	\$ 74,206	\$ 51,450
Inventory	\$ 425,558	\$ 375,621	\$ 440,240	\$ 562,795	\$ 382,278	\$ 386,101	\$ 397,684	\$ 409,614	\$ 425,999
Accounts receivable	\$ 300,734	\$ 361,694	\$ 428,398	\$ 450,715	\$ 421,763	\$ 425,981	\$ 438,760	\$ 451,923	\$ 470,000
Other short-term operating assets	\$ 24,502	\$ 13,452	\$ 29,334	\$ 51,262	\$ 31,341	\$ -	\$ -	\$ -	\$ -
Short-term investments	\$ -	\$ -	\$ -	\$ -	\$ 200,440	\$ -	\$ -	\$ -	\$ -
<b>Total current assets</b>	<b>\$ 790,798</b>	<b>\$ 1,014,718</b>	<b>\$ 1,049,664</b>	<b>\$ 1,109,847</b>	<b>\$ 1,058,692</b>	<b>\$ 882,028</b>	<b>\$ 908,489</b>	<b>\$ 935,743</b>	<b>\$ 947,448</b>
Net plant, property, & equipment (PPE)	\$ 189,096	\$ 190,607	\$ 203,485	\$ 272,346	\$ 277,207	\$ 246,077	\$ 253,460	\$ 261,064	\$ 271,506
Other long-term operating assets	\$ 1,438,899	\$ 1,368,613	\$ 1,774,303	\$ 1,718,994	\$ 1,438,046	\$ 1,452,426	\$ 1,495,999	\$ 1,508,859	\$ 1,543,488
Long-term investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Assets</b>	<b>\$ 2,418,793</b>	<b>\$ 2,573,938</b>	<b>\$ 3,027,452</b>	<b>\$ 3,101,187</b>	<b>\$ 2,773,945</b>	<b>\$ 2,580,532</b>	<b>\$ 2,657,948</b>	<b>\$ 2,705,666</b>	<b>\$ 2,762,443</b>
<b>Liabilities and Equity</b>									
Accounts payable (AP)	\$ 181,506	\$ 134,432	\$ 147,738	\$ 127,718	\$ 114,549	\$ 128,103	\$ 131,946	\$ 135,904	\$ 141,340
Accruals	\$ 34,528	\$ 132,786	\$ 175,962	\$ 156,589	\$ 133,793	\$ 153,052	\$ 157,643	\$ 162,372	\$ 168,867
Other operating current liabilities	\$ 88,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All short-term debt	\$ -	\$ 17,500	\$ 17,500	\$ 32,000	\$ 74,177	\$ 777,501	\$ 839,211	\$ 845,101	\$ 828,441
<b>Total current liabilities</b>	<b>\$ 304,637</b>	<b>\$ 284,718</b>	<b>\$ 341,200</b>	<b>\$ 316,307</b>	<b>\$ 322,519</b>	<b>\$ 1,058,655</b>	<b>\$ 1,128,799</b>	<b>\$ 1,143,378</b>	<b>\$ 1,138,649</b>
Long-term debt	\$ 1,014,911	\$ 391,845	\$ 726,290	\$ 1,153,482	\$ 921,595	\$ 188,402	\$ 205,118	\$ 212,177	\$ 215,515
Deferred taxes	\$ 157,262	\$ 143,039	\$ 135,957	\$ 160,765	\$ 66,196	\$ -	\$ -	\$ -	\$ -
Preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other long-term liabilities	\$ 51,241	\$ 54,415	\$ 79,020	\$ 101,128	\$ 87,036	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ 1,528,051</b>	<b>\$ 874,017</b>	<b>\$ 1,282,467</b>	<b>\$ 1,731,682</b>	<b>\$ 1,397,346</b>	<b>\$ 1,247,057</b>	<b>\$ 1,333,917</b>	<b>\$ 1,355,555</b>	<b>\$ 1,354,164</b>
Par plus PIC Less treasury (and other adjustments)	\$ 737,474	\$ 1,435,979	\$ 1,300,345	\$ 1,159,697	\$ 1,192,354	\$ 1,192,354	\$ 1,192,354	\$ 1,192,354	\$ 1,192,354
Retained earnings (RE)	\$ 153,268	\$ 263,942	\$ 444,640	\$ 209,808	\$ 184,245	\$ 141,121	\$ 131,676	\$ 157,757	\$ 215,925
<b>Total common equity</b>	<b>\$ 890,742</b>	<b>\$ 1,699,921</b>	<b>\$ 1,744,985</b>	<b>\$ 1,369,505</b>	<b>\$ 1,376,599</b>	<b>\$ 1,333,475</b>	<b>\$ 1,324,030</b>	<b>\$ 1,350,111</b>	<b>\$ 1,408,279</b>
<b>Total liabilities and equity</b>	<b>\$ 2,418,793</b>	<b>\$ 2,573,938</b>	<b>\$ 3,027,452</b>	<b>\$ 3,101,187</b>	<b>\$ 2,773,945</b>	<b>\$ 2,580,532</b>	<b>\$ 2,657,948</b>	<b>\$ 2,705,666</b>	<b>\$ 2,762,443</b>

<b>Statement of Cash Flows</b>									
<b>Operating Activities</b>									
Net income	\$ 153,268	\$ 110,674	\$ 180,698	\$ (234,832)	\$ (25,563)	\$ (43,124)	\$ (9,444)	\$ 26,081	\$ 58,168
Depreciation	\$ 24,891	\$ 35,405	\$ 38,953	\$ 54,157	\$ 55,090	48,904	50,371	51,882	53,957
Change in deferred tax	\$ 157,262	\$ (14,223)	\$ (7,082)	\$ 24,808	\$ (94,569)	(66,196)	0	0	0
Change in inventory	\$ (425,558)	\$ 49,937	\$ (64,619)	\$ (122,555)	\$ 180,517	(3,823)	(11,583)	(11,931)	(16,385)
Change in accounts receivable	\$ (300,734)	\$ (60,960)	\$ (66,704)	\$ (22,317)	\$ 28,952	(4,218)	(12,779)	(13,163)	(18,077)
Change in other short-term operating assets	\$ (24,502)	\$ 11,050	\$ (15,882)	\$ (21,928)	\$ 19,921	31,341	0	0	0
Change in accounts payable	\$ 181,506	\$ (47,074)	\$ 13,306	\$ (20,020)	\$ (13,169)	13,554	3,843	3,958	5,436
Change in accruals	\$ 34,528	\$ 98,258	\$ 43,176	\$ (19,373)	\$ (22,796)	19,259	4,592	4,729	6,495
Change in other current liabilities	\$ 88,603	\$ (88,603)	\$ -	\$ -	\$ -	0	0	0	0
<b>Net cash from operating activities</b>	<b>\$ (110,736)</b>	<b>\$ 94,464</b>	<b>\$ 121,846</b>	<b>\$ (362,060)</b>	<b>\$ 128,383</b>	<b>\$ (4,304)</b>	<b>\$ 24,999</b>	<b>\$ 61,557</b>	<b>\$ 89,594</b>
<b>Investing Activities</b>									
Investment in PPE	\$ (213,987)	\$ (36,916)	\$ (51,831)	\$ (123,018)	\$ (59,951)	\$ (17,774)	\$ (57,753)	\$ (59,486)	\$ (64,400)
Investment in other long-term oper. ass.	\$ (1,438,899)	\$ 70,286	\$ (405,690)	\$ 55,309	\$ 280,948	(14,380)	(43,573)	(12,859)	(34,630)
<b>Net cash from investing activities</b>	<b>\$ (1,652,886)</b>	<b>\$ 33,370</b>	<b>\$ (457,521)</b>	<b>\$ (67,709)</b>	<b>\$ 220,997</b>	<b>\$ (32,154)</b>	<b>\$ (101,326)</b>	<b>\$ (72,345)</b>	<b>\$ (99,029)</b>
<b>Financing Activities</b>									
Change in short-term investments	\$ -	\$ -	\$ -	\$ -	\$ (200,440)	\$ 200,440	\$ 0	\$ 0	\$ 0
Change in long-term investments	\$ -	\$ -	\$ -	\$ -	\$ -	0	0	0	0
Change in short-term debt	\$ -	\$ 17,500	\$ -	\$ 14,500	\$ 42,177	703,324	61,710	5,891	(16,660)
Change in long-term debt	\$ 1,014,911	\$ (623,066)	\$ 334,445	\$ 427,192	\$ (231,887)	(733,193)	16,716	7,059	3,338
Preferred dividends	\$ -	\$ -	\$ -	\$ -	\$ -	0	0	0	0
Change in preferred stock	\$ -	\$ -	\$ -	\$ -	\$ -	0	0	0	0
Change in other long-term liabilities	\$ 51,241	\$ 3,174	\$ 24,605	\$ 22,108	\$ (14,092)	(87,036)	0	0	0
Change in common stock (Par + PIC)	\$ 737,474	\$ 698,505	\$ (135,634)	\$ (140,648)	\$ 32,657	0	0	0	0
Common dividends	\$ -	\$ -	\$ -	\$ -	\$ -	0	0	0	0
<b>Net cash from financing activities</b>	<b>\$ 1,803,626</b>	<b>\$ 96,113</b>	<b>\$ 223,416</b>	<b>\$ 323,152</b>	<b>\$ (371,585)</b>	<b>\$ 83,535</b>	<b>\$ 78,425</b>	<b>\$ 12,950</b>	<b>\$ (13,322)</b>
<b>Net cash flow</b>	<b>\$ 40,004</b>	<b>\$ 223,947</b>	<b>\$ (112,259)</b>	<b>\$ (106,617)</b>	<b>\$ (22,205)</b>	<b>\$ 47,076</b>	<b>\$ 2,098</b>	<b>\$ 2,161</b>	<b>\$ (22,757)</b>
Starting cash	\$ -	\$ 40,004	\$ 263,951	\$ 151,692	\$ 45,075	22,870	69,946	72,045	74,206
Ending cash	\$ 40,004	\$ 263,951	\$ 151,692	\$ 45,075	\$ 22,870	\$ 69,946	\$ 72,045	\$ 74,206	\$ 51,450

Ratios	2014		2015		2016		2017		2018	
	VSTO	AOBC	VSTO	AOBC	VSTO	AOBC	VSTO	AOBC	VSTO	AOBC
<b>Productivity Ratios</b>										
Growth in sales	N/A	N/A	11.2%	-11.9%	9.0%	31.0%	12.2%	24.9%	-9.4%	-32.8%
Receivables turnover	6.23	11.21	5.76	9.98	5.30	12.51	5.65	8.33	5.47	10.71
Inventory turnover	4.40	7.22	5.55	7.18	5.16	9.29	4.53	6.86	6.04	3.96
Operating working capital turnover	3.85	4.46	2.79	5.21	3.13	3.17	3.09	4.84	3.78	3.42
Net fixed asset turnover	1.15	4.40	1.34	1.85	1.15	2.52	1.28	1.92	1.35	1.28
Total asset turnover	0.77	1.72	0.81	1.15	0.75	1.17	0.82	1.15	0.83	0.81
Invested capital turnover	0.89	2.21	0.90	1.37	0.84	1.40	0.90	1.38	0.99	0.93
<b>Liquidity Ratios</b>										
Current ratio	2.60	2.73	3.56	2.41	3.08	3.00	3.51	2.30	3.28	2.72
Quick ratio	1.20	1.66	2.24	1.39	1.79	2.30	1.73	1.35	2.10	1.18
Cash ratio	0.13	0.85	0.93	0.56	0.44	1.72	0.14	0.45	0.69	0.49
Short-term investments over invested capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00
Operating Cycle	141.47	83.08	129.17	87.42	139.63	68.46	145.25	97.04	127.13	126.33
Cash Cycle	106.11	61.13	105.62	66.02	115.88	45.48	126.94	75.44	109.02	106.11
<b>Financial Risk (Leverage) Ratios</b>										
Total debt-to-equity ratio	1.72	1.18	0.51	1.46	0.73	1.01	1.26	1.00	1.02	0.76
Total debt-to-equity ratio (excluding deferred taxes)	1.54	1.22	0.43	1.37	0.66	0.97	1.15	0.94	0.97	0.73
Total financial debt-to-equity ratio	1.14	0.66	0.24	0.96	0.43	0.60	0.87	0.57	0.72	0.51
Interest coverage ratio (accounting-based)	16.41	12.14	7.15	7.91	12.17	11.57	-3.83	23.29	-1.01	2.58
Interest coverage ratio (cash-based)	18.02	13.91	8.33	10.64	13.77	14.58	-2.59	29.15	0.11	7.24
Total debt-to-assets ratio	0.63	0.54	0.34	0.59	0.42	0.50	0.56	0.50	0.50	0.43
Total financial debt over invested capital	0.42	0.30	0.16	0.39	0.25	0.30	0.38	0.28	0.36	0.29
Long-term financial debt over invested capital	0.48	0.39	0.17	0.46	0.27	0.34	0.41	0.33	0.40	0.32
<b>Profitability/Valuation Ratios</b>										
Gross profit margin	27.3%	44.8%	28.6%	40.9%	30.5%	46.3%	30.0%	47.1%	26.5%	40.8%
EBITDA margin	14.9%	27.2%	12.0%	21.8%	14.8%	27.6%	-4.4%	27.7%	0.2%	13.3%
Operating profit margin	13.5%	23.8%	10.3%	16.2%	13.1%	21.9%	-6.6%	22.1%	-2.2%	4.7%
NOPAT margin	17.1%	14.5%	5.4%	14.5%	8.3%	13.5%	-6.4%	16.3%	-4.2%	3.3%
Earnings before taxes margin	12.7%	21.8%	8.9%	14.3%	12.0%	20.1%	-8.3%	21.2%	-4.3%	2.9%
Net margin	8.2%	14.3%	5.3%	9.0%	8.0%	13.0%	-9.2%	14.2%	-1.1%	3.3%
Return on Assets	10.49%	40.84%	8.36%	18.73%	9.79%	25.60%	-5.40%	25.36%	-1.80%	3.86%
Net investment rate	-87761.63%	309.20%	171.94%	151.59%	210.48%	113.95%	-69.74%	96.20%	501.88%	-20.31%
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ROIC	0.11%	N/A	5.30%	28.23%	8.18%	24.11%	-6.00%	28.57%	-3.48%	3.07%